DOCUMENT RESUME

ED 154 183 CE 015 894

TITLE An Interim Report to the Congress of the National Commission for Manpower Policy. Public Service Employment and Other Responses to Continuing Unemployment. Report No. 2.
INSTITUTION National Commission for Manpower Policy, Washington D.C.
PUB DATE Jun 75
NOTE 24p.; For related documents see CE 015 893-897

EDRS PRICE MF-$0.83 HC-$1.67 Plus Postage.
DESCRIPTORS Employment Problems; *Employment Programs; Federal Programs; *Job Training; Manpower Development; Policy Formation; *Program Improvement; Unemployment; Unemployment Insurance; Youth Employment
IDENTIFIERS United States

ABSTRACT

This report of the National Commission for Manpower Policy summarizes the findings and recommendations on Public Service Employment (PSE) along with considering other responses to continuing unemployment. This booklet's content is presented in two sections. Section 1 summarizes the findings and makes twenty-one recommendations pertaining to PSE, summer jobs for youth, the unemployment insurance system, special assistance to the unemployed (mortgage payments and health insurance), energy and its manpower implications, and coordination of manpower and related programs. The second section discusses the assumptions, expectations and concerns which led to the recommendations presented in section 1. (EM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED154183

An Interim Report to the Congress of the

National Commission for Manpower Policy

Public Service Employment and Other Responses to Continuing Unemployment

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

ED 105994

Report No. 2
June 1975

1522 K Street, N.W., Suite 300, Washington, D. C. 20005

MEMBERS OF THE NATIONAL COMMISSION FOR MANPOWER POLICY

Eli Ginzberg, Chairman; A. Barton Hepburn Professor of Economics and Director, Conservation of Human Resources, Columbia University, New York

James R. Schlesinger, Secretary of Defense

Earl L. Butz, Secretary of Agriculture

Rogers C. B. Morton, Secretary of Commerce

John T. Dunlop, Secretary of Labor

Caspar W. Weinberger,
Secretary of Health, Education and Welfare

Richard L. Roudebush,
Administrator of Veterans Affairs, Veterans Administration

Timothy A. Barrow,
Mayor of the City of Phoenix, Arizona

Rudolph A. Cervantes, President,
Rudy Cervantes Neckwear, Inc., Los Angeles, California

Dorothy Ford, Manager, Personnel and Employee Development
Southern California Edison, Rosemead, California

John V. N. Klein, County Executive, Suffolk County, New York

Juanita Kreps, Vice President and Professor of Economics,
Duke University, Durham, North Carolina

John H. Lyons, General President
International Association of Bridge, Structural, and Ornamental Iron Workers, Washington, D. C.

William G. Milliken, Governor of the State of Michigan,
Lansing, Michigan

John W. Porter, Superintendent of Public Instruction
for the State of Michigan, Lansing, Michigan

Milton L. Rock, Managing Partner of Hay Associates,
Philadelphia, Pennsylvania

Leon H. Sullivan, Pastor of Zion Baptist Church,
Philadelphia, Pennsylvania

Robert T. Hall, Director

NATIONAL COMMISSION FOR MANPOWER POLICY
1522 K Street, NW, Suite 300
Washington, D. C. 20005

June 30, 1975

To the Congress of the United States:

The National Commission for Manpower Policy set forth preliminary findings with respect to Public Service Employment in its first Interim Report to the Congress forwarded on February 28, 1975, and indicated that the Commission would transmit its recommendations after the May meeting. A summary of recommendations on PSE follows together with consideration of other responses to continuing unemployment.

The Commission wishes to inform the Congress that it will hold an extended meeting in September to explore the elements of a national manpower policy and that its preliminary findings and recommendations will constitute a major portion of its first annual report due shortly thereafter.

ELI GINZBERG
Chairman

CONTENTS

I. SUMMARY OF FINDINGS AND RECOMMENDATIONS

Public Service Employment 1
Summer Jobs for Youth 4
Unemployment Insurance System 5
Special Assistance to the Unemployed:
Mortgage Payments and Health Insurance 5
Energy and its Manpower Implications 6
Coordination of Manpower and Related Programs 7

II. BACKGROUND AND DISCUSSION

Introduction 9
Public Service Employment 10
Summer Jobs for Youth 13
Unemployment Insurance System 13
Special Assistance to the Unemployed:
Mortgage Payments and Health Insurance 14
Energy and its Manpower Implications 15
Coordination of Manpower and Related Programs 17
Towards A National Manpower Policy 18

I. SUMMARY OF FINDINGS AND RECOMMENDATIONS

Public Service Employment

Public Service Employment (PSE) is an important tool in our Nation's manpower effort. It should be viewed as a generic approach which can be shaped into different programs to serve three distinct manpower goals:

- Provide manpower developmental experiences for the hard-to-employ aimed at facilitating their transition to regular employment;
- Provide employment opportunities for regularly attached members of the work force who lose their jobs during severe economic downturns; and,
- Provide employment opportunities for groups and communities which experience significant loss of employment opportunities due to major structural dislocations.

1. Accordingly, the Commission recommends that the Department of Labor should explore ways of restructuring PSE to more adequately reflect these three goals and seek an early opportunity to put forward legislative proposals for a new program structure.

The Administration has submitted proposals for Fiscal Year 1976 to maintain PSE at the 1975 level of 310,000 jobs annually and the Joint Congressional Budget Conference has recommended an annual level of around 400,000 jobs for 1976.

2. Noting these proposals at its May meeting and forecasts that the rise in unemployment will soon abate and begin to decline, albeit slowly, the Commission, therefore, recommends that a program level for PSE not to exceed 400,000 jobs be provided. [1/] At the 400,000 job level this would be an increase in the PSE effort of almost 30 percent. In the event that this anticipated drop in unemployment does not occur, the Commission will reappraise the situation at its September meeting and forward new recommendations.

[1/] The individual views of the Commission members varied considerably on this issue. Several members, including the Federal representatives, supported maintaining the 1975 level of effort and other members supported a level of up to one million jobs.

The productive usefulness of work performed with PSE funds is constrained by the present requirement that not less than 90 percent of the funds be expended for wages and fringe benefits. *3. Accordingly, the Commission recommends raising the allowable ceiling for non-personnel costs from 10 to 15 percent so that adequate work supplies and equipment may be purchased. The Commission further recommends that experience under this new 15 percent ceiling be monitored to determine whether an additional 5 percent increase to 20 percent might result in even higher gains in the amount of socially and economically beneficial work performed under PSE.*

It is inequitable to have individuals in families with secondary wage earners competing with unemployed family heads without regard to the total financial needs and resources of their respective families. An income ceiling for eligibility would be a spur to increasing the proportion of PSE jobs made available to disadvantaged persons. *4. The Commission recommends that Congress establish a maximum family [or household] income ceiling for persons to become eligible for PSE jobs.*

5. The Commission recommends that, because of the relatively high direct cost of a PSE job, the $10,000 wage ceiling now in effect be maintained until it can be demonstrated that raising this ceiling will contribute to increasing the overall productivity of PSE and that it is administratively possible to prevent the average cost from rising above the present $8,000 level.

The Commission is concerned about the need for more detailed and timely data on PSE program performance. *6. It, therefore, recommends that the Department of Labor review the present management information system with an aim at securing more promptly, at least on a sample basis, data about the characteristics of PSE employees and related information of broad concern to the Congress, the Administration, prime sponsors and the public.*

The country currently operates two principal PSE programs under CETA: Title II seeks to provide manpower development opportunities for the hard-to-employ; and, Title VI, containing no transitional provisions, is largely directed at offering temporary jobs to members of the work force who, in the absence of a severe recession, might otherwise be employed in a regular job in the private or public sector. *7. The Commission strongly endorses a permanent PSE manpower development program and, therefore, recommends that the Title II approach, with its emphasis on transitional opportunities for the hard-to-employ, continue to be emphasized to the maximum possible extent.*

Although PSE can play a very useful role in economic downturns as one part of a range of countercyclical activities it should not be relied upon to serve as the principal countercyclical tool because:

- The Federal Government's fiscal and monetary policies should be the principal means to help restore the economy and expand regular employment, particularly in the private sector, since the resulting output is likely to be more valuable;
- There are limitations to the additional numbers of workers that State and local governments can productively absorb in the shortrun;
- Local and state governments face difficult problems in adding unemployed persons to their payrolls in PSE jobs while they are simultaneously being forced, because of reduced revenues, to release regular employees;
- To the extent that it is desirable to provide Federal financial assistance to assist local and state governments retain their regular public employees in periods of severe recession, some form of emergency revenue sharing would be a more direct device than PSE;
- A strengthened Unemployment Insurance system is a more direct mechanism to provide basic income support for large numbers of unemployed workers. Even in a severe recession, most regularly attached members of the labor force tend to be unemployed for a relatively short period. In June 1975, about two-thirds of the unemployed had been out of work 14 weeks or less and the average overall duration of unemployment was 13.4 weeks; and,
- The $8,000 per man-year direct cost[1] of a PSE job as the program is presently designed has substantial Federal budgetary implications if such a public employment program is to serve appreciable numbers of the unemployed. Each million jobs carries a price tag of $8 billion. In May 1975, the total number on the unemployment rolls was in excess of 8 million persons. Hence, a PSE program serving a quarter of the presently unemployed would cost $16 billion; half-$32 billion; and three-quarters $48 billion.

Experience with the recently decentralized and decategorized CETA manpower programs is somewhat limited. Moreover, the

[1] Net cost, of course, would depend on the extent to which other governmental assistance—welfare, UI, food stamps—were to be alternatively provided, plus consideration has to be given to the taxes and other economic returns arising from PSE employment.

severe recession has complicated the ability of prime sponsors to focus on the multiple changes and adaptations implicit in this new approach. However, there appears to be a need to expand the involvement of other agencies and organizations as providers of PSE job opportunities. *8. The Commission, therefore, recommends that the Department of Labor, in redesigning PSE to meet the multiple roles and objectives outlined in [1] above, give serious consideration within the CETA framework, to increasing the involvement of private nonprofit and other community-based organizations in managing and operating PSE programs.*

The Commission stresses that its concerns about the utility of PSE as the principal countercyclical tool is not to be read as tolerance for untoward high levels of unemployment. Commission support for the aforementioned expansion in PSE at the present time stems in considerable measure from a conviction that a major effort is urgently needed to expand productive regular employment so as to reduce the social and economic losses resulting from the high level of unemployment. This can best be achieved through a diversity of macro policies including fiscal stimulation, monetary expansion, budgetary procedures, tax incentives and still other measures.

Summer Jobs for Youth

When the Commission met in late May, the Administration's request for a supplemental appropriation for 760,000 summer jobs for youth was before the Congress. At that time, the Commission strongly supported the immediate passage of a supplemental. Subsequently, a slightly higher supplemental involving 840,000 summer youth jobs was enacted.

9. The Commission recommends that the Congress and the Administration take the necessary budgetary measures to avoid in subsequent summers the last minute funding actions which preclude effective planning by prime sponsors and diminish the effectiveness with which the federal dollars can be used to assist young people in improving their prospects for productive employment.

10. The Commission further recommends that the Department of Labor, in concert with other involved agencies, undertake a review of the summer youth program to determine how the program might be redesigned, possibly on a year-round basis [in conjunction with youth-in-school and out-of-school work experience programs and other related efforts including those operated by community based organizations] to improve the skills and employability of young people who face a difficult transition into the world of work.

Unemployment Insurance System

The unemployment insurance system, the major income support program for the unemployed, has been severely buffeted by the recession. It is now more evident than ever that both shortrun modifications and longrun reforms are necessary.

11. The Commission accordingly recommends that the duration of benefits for the long term jobless be extended to a maximum of 65 weeks through December 1976; and that aid to persons not previously covered by UI but who currently receive assistance under the Special Unemployment Assistance Program also be extended through December 1976.[1]

In addition to these immediate measures, the Commission believes that more basic changes in the UI system are required. These include: improving the financial stability of the UI system through some modification in the taxable wage base; adjusting the trigger mechanisms for extended and special benefits; broadening regular UI system coverage to include a large portion of the current participants in the SUA program; and, improving benefit adequacy and standards.

12. Although the Commission is not presently in a position to recommend specific proposals in these areas, it does recommend that the Administration develop legislation for strengthening the UI system and that the Congress give such proposals early consideration.

In addition, the Commission believes that there are other basic issues in the Unemployment Insurance system that need to be addressed. These include the system's viability in protracted recessions and relationships with other income support systems such as welfare and with manpower training and related activities.

13. The Commission, therefore, recommends the establishment of a special Commission to thoroughly reexamine the UI system with a view to strengthening its role in providing income protection for unemployed workers.

Special Assistance to the Unemployed: Mortgage Payments and Health Insurance

The Commission recognizes that many unemployed persons and their dependents face special hardships in meeting their mortgage payments and in obtaining essential health insurance benefits,

[1] Extension of the maximum duration of SUAP benefits from 26 to 39 weeks was recommended by the Commission in its first Interim Report to the Congress on February 28, 1975.

particularly hospital care. More needs to be known, however, about the extent and nature of these problems and the possible legislative and other remedies that may be appropriate. Accordingly, the Commission does not take a position at this time on mortgage payments and health insurance to the unemployed. *14. Rather, the Commission recommends that the Secretary of Housing and Urban Development keep foreclosures under close surveillance; that a sample be taken of communities with high and sustained unemployment to assess the extent and nature of the problem; and, that the Department provide the Commission by September 1, 1975 a report assessing the magnitude and nature of the problem with recommendations as appropriate.*

15. Similarly, the Commission recommends that the Secretary of Health, Education and Welfare undertake an analysis of the proportion of unemployed persons who lose their health and/or hospital insurance and of alternatives available to these unemployed and their dependents for securing essential health care; and, that HEW prepare a report by September 1, 1975, outlining its findings and recommendations. Additionally, the report should include any evidence that can be retrieved from existing HEW statistical sources regarding the impact of insurance cancellations on declines in hospital utilization, shifts in types of facilities used, or increases in hospital accounts receivable and in bad debts.

Energy and its Manpower Implications

Pursuant to the Congressional charge to address the manpower implications of energy shortages, the Commission has reviewed governmental efforts to measure and assess the energy-employment situation.

16. On the basis of its findings, the Commission recommends that the President and Secretary Morton, Chairman of the Energy Resources Council, invite the Secretary of Labor to become a member of the Council so that the manpower and employment implications of energy policies can be infused early in the planning and decision making process.

17. The Commission also recommends that the Chairman of the Energy Resources Council establish a Manpower and Employment Subcommittee which will be charged with coordinating assessment of the employment and manpower effects related to energy and developing a priority work program with a schedule for accomplishing specific assessment objectives.

18. It is further recommended that the Manpower and Employment Subcommittee should, among its many areas of concern, give early consideration to the following issues:

- *Estimating the aggregate effect of new energy developments and policies on employment and future manpower needs and identifying related potential labor supply and demand imbalances nationally and in local labor markets;*
- *Estimating the indirect employment effects of energy developments and policies, including the impact of higher fuel prices on small businesses and on workers who have no transportation alternative to use of privately-owned vehicles; and,*
- *Determining how the changing manpower and employment consequences of developments in energy policies and programs can be effectively monitored so that remedial governmental actions can be taken by manpower agencies, and how the findings of government impact studies can be disseminated to such groups as guidance counselors, vocational and technical schools, employers and trade unions, and community based organizations that may need to adjust their programs to reflect changed energy developments.*

19. The Commission also recommends that the Director of the Office of Management and Budget support requests from the Department of Labor and other federal agencies to establish a permanent capacity to undertake on an on going basis manpower impact studies, without which the Federal government will be poorly positioned to assess the potential consequences of large scale changes in governmental policies, programs and decisions on manpower and employment.

The Commission believes that the foregoing actions, if speedily acted upon, will enable the Federal government to be in a better position to assess manpower and employment implications in formulating and carrying out a national energy policy. However, it wants to alert both the Congress and the President to the fact that too little knowledge presently exists, too little relevant information is at hand, and too little experience has been accumulated to date to undertake the desired quality of manpower impact studies in energy or other areas of national policy. T is is a serious deficiency in national economic and social policy formulation and a drawback that should be corrected. It is the Commission's hope that intensifying current efforts along the lines suggested above will lead toward the institutionalization of a permanent capacity within the Federal government to undertake manpower assessment studies on an on-going basis.

Coordination of Manpower and Related Programs

20. The Commission recommends that the Department of Labor, in coordination with the Department of Health, Education, and

Welfare encourage the governors to increase the effectiveness of their State Manpower Service Councils [SMSC's], both for overall planning and coordination, by:

- *Providing personal leadership in the work of these SMSC's;*
- *Insuring that they are adequately positioned in the state governmental structure and have sufficient professional staff;*
- *Relieving them of operating responsibilities for CETA balance-of-state activities.*

21. The Commission also recommends that the Department of Labor in coordination with the Department of Health, Education, and Welfare facilitate the strengthening of SMSC's by undertaking a special review of the SMSC's coordination activities and of their impact upon the coordinated delivery of manpower and related services; and subsequently publish a technical assistance manual to provide detailed guidance on the more important structural and operational characteristics of successful SMSC's and make available other forms of more direct technical assistance.

II. BACKGROUND AND DISCUSSION

Introduction

The assumptions, expectations and concerns that dominated the Commission's discussions at its May meeting and which led to the proceeding recommendations are outlined in the following section.

The early life of the National Commission for Manpower Policy has taken place amidst a steadily weakening economy and an increasing number of unemployed persons. Between November 1974 when the Commission held its organizational meeting and its meeting on May 21, 1975, the unemployment rate increased from 6.5 to 8.9 percent or an increase of over 2 million unemployed.[1/] While the Commission's charge from the Congress included responsibilities for a range of discrete manpower problems—i.e. the impact of energy shortages on manpower needs and the means by which the broad range of manpower and related legislation can be more effectively dovetailed to provide a more integrated human resources effort, it also was given a mandate to set out long range manpower goals for the Nation and to point the way as how these might be achieved. The Commission has constructed its agenda and work schedules with these responsibilities to the fore, but has had to focus a considerable proportion of its time and effort on the manpower problems of the recession. It could not do otherwise if it sought to be helpful to the Congress and the Administration in their attempts to assist the victims of the recession and to contribute to the recovery of the economy.

The economic and manpower outlook at the May meeting continued to be downbeat, but contained the first indication that the severe recession with its disturbingly high unemployment rates might soon bottom out. There was, however, no consensus among the experts in and out of the government as to when the economy would start improving, but the majority looked for improvement in the third or fourth quarter of 1975 at the latest.

1/ Subsequent to the May meeting the unemployment rate has increased to 9.2 percent or a total of 8.5 million unemployed.

The Commission has reservations, however, about the impact the projected economic upturn will have on reducing unemployment. Even if recovery begins within the expected time period, unemployment rates are likely to continue to rise for some period after the economy begins to turn around. Many persons not counted among the unemployed—the discouraged worker as well as new entrants—will begin to seek jobs as employers start to expand hiring, and many will join the ranks of the unemployed. Because of this, and the rate of growth in GNP required to impact unemployment, it is difficult to see how the unemployment rate could drop below 8.0 percent before early 1976. Indeed, the rate may remain in excess of 8.0 percent well into next year.

The probability of a slow reduction in the unemployment rate is reinforced by the presumption that two sectors which have led most recoveries in the past—automobiles and housing—are unlikely to improve substantially in the near term. It is difficult to foresee other sectors which might take their place to speed the general recovery.

Even after the recovery accelerates, particular groups and communities are likely to be left with continuing high levels of unemployment. The Commission is particularly concerned with the poor prospects of inner city youth whose horrendously high unemployment rates over a period of years suggest a worsening pileup at the end of the labor market queue. Many young people may reach their mid-twenties without any record of regular employment. The Commission will focus on this aspect of the problem as part of its larger inquiry into the "Transition from School to Work."

The Commission is also uneasy about the possibility that a substantial number of communities, primarily in the Mid-West, that produce automobiles, or are major suppliers for the automobile industry, may be in serious structural trouble. The reduction in total automobile output is putting pressure on certain companies to consolidate operations or close plants, thereby eliminating the jobs of hundreds and thousands of people in various communities. The Commission is taking the first steps to appraise this serious threat and to determine what kinds of remedial actions might moderate the serious human and social consequences of such events.

Public Service Employment

Following the Commission's January meeting[5], the Commission's staff took immediate steps to explore the limitations and potentials

[5] At the January meeting, the Commission recommended that an additional $1.6 billion be made available for public service employment and other job creation activities. Subsequently, the Administration proposed an additional $1.6 billion for Title VI and this request is receiving favorable consideration by the Congress.

of PSE through the following:

- Invited four experts to prepare analytical papers on various key issues and aspects of PSE;
- Conducted an invitational conference in April to solicit the views, including written comments, of a wide range of public interest groups on various aspects of PSE;
- Prepared and issued a published report on the April PSE Conference[6]; and,
- Pursued staff analysis on selective phases of PSE and prepared a Commission issue paper on public service employment and job creation which served as the basis for the Commission's deliberations at the May meeting.

Much of the PSE deliberation at the May meeting was devoted to a consideration of the objectives and design of PSE. Recognition was given to the need to delineate between the multiple objectives of PSE and to restructure specific PSE programs to more adequately achieve different sets of objectives. Three distinct objectives were identified for PSE and a three-tier structuring of PSE was generally supported by Commission members. The three components of a restructured PSE program would be:

(1) **manpower development**, to provide the chronically unemployed with job skills, work experience, and opportunities for transition from PSE to regular public and/or private employment;

(2) **countercyclical**, a permanent, albeit standby program which would trigger in and out during economic declines, to provide jobs to a portion of the unemployed as part of a wide range of governmental policies and actions aimed at reducing "high" unemployment; and,

(3) **structural targeting**, containing elements of (1) and (2) above, to be directed at selected labor markets or work force groups experiencing severe unemployment problems even in times of general economic well being and to be closely integrated with economic development efforts.

While the Commission was in general agreement about the desirability of this three-tier approach to PSE, several members called attention to the need for more analysis before PSE's utility in dealing with structural unemployment could be assessed.

While recognizing the varied roles of PSE, including that of a manpower tool during economic downturns, it is clear that PSE has

[6] *Proceedings of A Conference on Public Service Employment*, National Commission for Manpower Policy, Special Report No. 1, May 1975.

inherent limitations as a principal countercyclical device, although it can play a significant role. Economic policies—fiscal and monetary—must play the principal countercyclical role in conjunction with increased capital expenditures in the public and private sectors. In addition, forms of public works would also contribute to increasing employment and stimulating the economy.

The majority of the Commission members had reservations about a large-scale expansion of PSE and several supported the maintenance of the present level of effort. However, in the face of high and probably continuing excessive levels of unemployment, several Commission members saw merit in expanding the program substantially with one member supporting a level of one million jobs. Those who favored a large-scale expansion in PSE expressed concern about the projected continuing high rates of unemployment, the income needs of unemployment insurance exhaustees, the need and worth of the public services provided and the desirability of maintaining work skills among the long term unemployed.

PSE came under some criticism by some of the Commission members on the basis of performance to date. Problems cited included: failure to help those most in need on jobs—i.e. those with little skill and work experience, or residing in the inner city Black and Spanish-speaking communities; cases where local political leaders used PSE for patronage; and the extent to which the manpower development thrust was thwarted by the use of the funds to retain regular employees on the payroll.

On the other hand, more positive views were also expressed: programs are generally well run and are serving the more needy; needed public services are being provided; and patronage is not playing any apparent role in the selection of workers.

There was widespread recognition of the inherent conflicts in the present design of PSE under CETA Titles II and VI stemming from the following: the problems prime sponsors will face in laying off PSE employees upon the phaseout of the Title VI program; the political and labor conflicts that flow from the simultaneous discharge of workers from regular payroll at a time when new workers are being hired under PSE; and the discord that occurs when the unemployed are given preference for governmental employment over those who have been waiting on eligible civil service lists for a year or more.

One Commission member questioned whether it was necessary or desirable to be concerned with the budgetary implications of a vastly expanded PSE program considering its present small scale. Another participant, however, noted that the total proposed level of effort for manpower programs and related income support in the current recession was far from small. For Fiscal 1976 it will involve about $18

billion for UI benefits; over $6 billion for CETA (including PSE); and almost another one billion for the operation of the Federal-State employment security system.

Summer Jobs for Youth

The Commission is distressed that year after year appropriations for summer jobs for youth are requested and made available with so little lead time that the effectiveness of the program is greatly impaired. Uncertainties surrounding the level and timing of funds for summer youth employment each year is a problem requiring urgent administrative remedy. In addition, the Commission is concerned with the quality of jobs provided. Too often, the program as presently operated is little more than, as one Commissioner suggested, a "keep quiet fund." These young people need much enlarged opportunities, not only in the summer but year-around to obtain training and work experience beyond what can be aquired in the classroom to make them more job-ready when they leave school. Community based organizations could play a significant role as part of a restructured summer youth employment program. It was also noted that with the widespread interest in improving the transition from school-to-work that a significant opportunity to utilize the summer job effort to contribute to such objectives was being neglected.

The Commission noted that the outlook is bleak for summer jobs in 1975 because of the inability of many private employers to match, or even approach the number of openings that were provided in previous summers. On the other hand the Commission deemed it unlikely that prime sponsors could, at this late date, absorb more than the proposed supplemental appropriations given the short time remaining to mount programs. The Commission was distressed that, at a time when the unemployment rates for inner city youth have escalated to the 40 to 60 percent range, the perennial shortcomings in the summer employment budgetary-appropriations processes precluded recommending a larger effort. This failure to recommend a greatly enlarged program for this summer was taken reluctantly as the Commission is well aware of the dire needs of a great many young people for meaningful assistance in the present very loose labor market.

Unemployment Insurance System

As many as 30 states may be forced to borrow from the Federal loan fund in Fiscal Year 1976. Clearly, the present taxable wage base of $4,200 is far too low to provide adequate funding for a protracted

recession and is even more inadequate if attention is focused on the low level of benefits which currently prevail. The Commission was in no position at its May meeting to make specific recommendations about either the tax base or benefit levels, but did recognize the need for basic reform of the system in these and other areas.

One Commission member called attention to the adverse long-run implications for states that are forced to borrow large sums from the loan fund. Since such sums will have to be repaid, unemployment insurance rates in those states will have to be raised to a level that will handicap the competitive position of products produced in the state which, in turn, will push rates still higher and further weaken the states' economic base.

The Commission noted the wide variability in unemployment rates among states, often approaching three-fold, and recommended that the proposed national commission on unemployment insurance give high priority to exploring various approaches that would enable the UI extended benefit system to be responsive to such variations.

Although it recommended an extension of up to 65 weeks of benefits in light of the current high unemployment, the Commission will, at a later point in its work, forward recommendations to improve the dove tailing of the various manpower, public employment, and income maintenance measures so that long-term unemployed persons who face serious difficulties in becoming reemployed can be afforded a broader range of assistance than exclusively cash benefits under UI. The Commission recognizes the need for a broader articulation among these several programs since clearly the UI system was never designed as a response to long-term unemployment.

In addition, the Commission is also concerned that the extended UI system is beginning to turn into a new welfare system with severe implications for both the unemployment insurance concept and the present range of welfare-related, income-maintenance activities. One example of the emerging relationship issues between UI and welfare is that in certain states with low UI benefit levels and high welfare benefits, a family on the welfare roles may be in receipt of a considerably higher level of support than a former wage earner on UI.

Special Assistance to the Unemployed: Mortgages and Health Insurance

The high and extended unemployment situation has created problems for some individuals in making mortgage payments and in maintaining health insurance protection.

Several legislative proposals to provide special relief to the

unemployed are currently being considered by the Congress. It is difficult to develop targeted assistance in that these measures have wider implications for the broad and complex areas of housing and medical assistance. In particular, a program targeted only to unemployed workers has longer run implications for basic reform in health care protection which must be considered.

The full extent and nature of the two problem areas were not fully documented to the Commission's satisfaction and the direct and indirect impacts of the proposed legislation remained unclear. For example, many lending institutions are exercising forebearance when they could legally foreclose on delinquent mortgages. HUD officials had indicated that an availability of special Federal assistance, in the form of repayable loans, might encourage lending institutions to abandon accommodation and accelerate foreclosure actions. An equally difficult problem is devising solutions which would not create inequities. The proposal to tie unemployed worker health insurance protection to those eligible for unemployment insurance is a case in point, as many of the unemployed would not be eligible.

The Commission's recommendations for a further assessment by the concerned agencies and recommendations on what measures should be undertaken, if any, is a result of its unease as to the true dimensions of the problem and the degree to which hardship was being experienced.

Energy and its Manpower Implications

As part of the Commission's response to its statutory charge to assess the employment and manpower implications of the nation's energy situation, the Commission held a conference of concerned Federal agencies in April. The invited agencies responded to issues posed by the Commission and presented views on the manpower impacts and further measures needed to assess the manpower implications of energy developments. General considerations arising during the course of the conference included:

- Our Nation's energy policies involve a broad spectrum of activ ities and actions which impact throughout our economy;
- These policies can be expected to continue in some state of flux;
- It is difficult to segregate out "energy" and to measure and assess its manpower and employment implications separately from other aspects of our economy;
- There are methodological and technical limitations in the "state of the art" in assessing the manpower implications of energy policies—or, of any national policies;

- Impact studies must consider not only the larger macro aspects, but also implications for specific labor markets, industries and occupations;
- Direct employment in energy industries is not very large; however, the indirect manpower effects of changes in energy development and policies may be considerable and need to be appraised;
- Little is really known about the manpower impacts that are occurring or are likely to occur; and,
- More knowledge of the manpower implications of energy development is needed to formulate policy and construct efforts to resolve problems that may emerge.

The conference called attention to the considerable effort being devoted by various Federal agencies to energy-manpower assessments. However, the conference also highlighted the fact that a great number of different approaches are being pursued, with the result that no individual or group has clear responsibility for determining the manpower questions that require answering or the best approaches for filling the information gaps. The need for greater coordination and a more systematic structuring of the Federal energy-manpower effort which must involve a great many different agencies and organizations was one major conclusion which emerged from the conference.

The effort under way in the Tennessee Valley Authority area to track energy construction projects was reported on and the question raised whether similar techniques might be successfully adopted by the involved agencies for other types of construction projects so that a closer assessment could be made of contractors' manpower requirements. The conference also explored the potential for job creation as a result of efforts to expand the domestic energy supply. It concluded that the number of new jobs would not be of the magnitude to provide significant opportunities for the hard-to-employ although it recognized that, if improved monitoring on a local labor market basis could be achieved, links to CETA and other training programs might be established that could help moderate any emerging skill shortages and provide jobs for the unemployed.

During the Commission's deliberations it was noted that some of the Nation's largest utilities, faced with a capital and profits squeeze, were cutting back on their planned expansion—a cut-back that is reinforced by the steep rise in projected costs as a result of higher environmental standards and prices for raw materials and labor. The point was made that even under moderated expansion plans, some shortages of highly qualified manpower may occur, for example, among specialized engineers and computer personnel.

There was general agreement that these subtle and indirect manpower and employment efforts, albeit difficult to measure, warranted serious attention and that efforts should be intensified to study and assess them. The likelihood that the Nation will face a continuing challenge from energy constraints, including higher costs, underscored for the Commission the importance of improving the art of impact studies both in the energy area and in other fields where significant new governmental policies and programs are likely to be introduced or changed. The Commission noted with approval the effort made by the Department of Labor to improve the state of the art for impact studies, but urged that these undertakings be intensified and greater support be provided to the effort.

Coordination of Manpower and Related Programs

Section 504 of the Comprehensive Employment and Training Act required that the Commission "conduct a study of the utilization and interrelation of manpower training with closely associated programs such as those conducted under the Wagner-Peyser Act, the work incentives program (WIN) under . . . the Social Security Act, and others of a similar nature with a view to determining how they could be better coordinated . . ."

Although the Commission has decided to make the study of coordination one of its continuing assessment activities, its work is still in the early stages. The Commission staff has undertaken a limited amount of field work involving visits to Federal regional offices and state and local manpower agencies. In addition, the staff has had access to the responses to a survey conducted by the National Governors' Conference to develop answers to a number of questions on coordination issues posed by NCMP staff.

In a Progress Report made to the Commission, the staff presented preliminary information with respect to State Manpower Councils, special grants to governors, CETA in relation to the Employment Service, and Federal interagency coordination. This preliminary information helped to set the stage for the next phase of Commission activity in its coordination studies.

Despite the preliminary nature of the progress report, the Commission is persuaded that the State Manpower Services Councils (SMSC's) are major instrumentalities to improve coordination of manpower and human resources activities at state and local levels. Some SMSC's in the group reviewed for the Commission study have been effective in improving coordination between CETA prime sponsors and state agencies that provide services to CETA clients; in serving as a mechanism for exchange of information between and

among prime sponsors; and in monitoring and evaluating prime sponsor activities.

Unfortunately, many States have failed to take advantage of the SMSC's coordination potential. The Commission concluded that the SMSC's can and should be more effectively utilized and that the Department of Labor, in concert with the Department of Health, Education and Welfare, should provide guidance and assistance in this regard.

The Commission plans to deepen its probes into the operation of these councils and other mechanisms between now and September in order to prepare a more comprehensive report on critical issues of coordination of manpower and related programs.

Towards A National Manpower Policy

The Commission has from the outset been aware that one of its major responsibilities is to contribute to the formulation of a national manpower policy, to indentify priority national manpower objectives and to propose how they might be achieved. To move ahead in these important tasks the Commission has decided that it will meet for a three-day period in the middle of September to facilitate extended discussion among members and to interact with invited experts. The Commission's first annual report to the Congress, to be submitted subsequent to the September meeting, will contain initial assessments about how the nation might make greater progress in determining and achieving its priority manpower goals.

In this connection the Commission is taking action along several paths, each of which should result in useful contributions. The first was to send an experienced manpower economist to Europe to identify and appraise the policies and programs, including the recent initiatives, that France, Germany, Netherlands, Sweden and the United Kingdom are pursuing. In these countries a range of efforts are applied both in periods of severe recession as well as in more normal economic circumstances to achieve low levels of unemployment consistent with other national goals and objectives.

The Commission has also invited a group of our Nation's leading experts to provide guidance on how best to achieve a fuller utilization of our manpower resources and to point out how barriers to this goal might be reduced and eventually removed. The work of this group is expected to contribute greatly to the Commission's deliberations on a national manpower policy.

Because of the critical importance that the President and the Commission attach to the special difficulties that large numbers of young people face in making a successful transition from school to

work, another series of papers by recognized experts has been commissioned. Each of the papers address a critical dimension of the transitional process ranging from the state of preparation possessed by young people to the attitudes and policies of employers and trade unions that influence the training and hiring opportunities that are open to youth. The Commission is determined to make a contribution to the solution of this difficult, but critically important transition problem. The Commission recognizes that a truly broad based effort is essential if useful results are to emerge, and that it will be able to do so only in close concert with the many concerned and interested groups.

During these first several months of its existence, the Commission has been laying the ground work of its principal effort-- the formulation of a national manpower policy. The current recession with its protracted high unemployment has only further demonstrated the need for a comprehensive set of manpower policies more closely integrated with economic and other policies. It is clear to the Commission that there are no panaceas or simple solutions. Although the challenge is great and the task complex, it is now more apparent than ever that one of our major national priorities is the development of improved manpower policies to help achieve fuller employment.

☆ GPO : 1975 O - 210-882 (10)